TV can avoid the music industry's fate and survive the digital age, but only by beating the Internet at its own game.

The Revolution Will Be Televised

BY MICHAEL HIRSCHORN

One of the most exhausting things about new-media Moonies is their cultish conviction: either you "get it" or you don't. But they're right, up to a point. It's like when you're finding your way around a strange city: you have to see the whole thing in its full conceptual clarity before you can even begin to understand the particulars. The classic case study is how Steve Jobs shanghaied and basically destroyed the CD business. The major record labels, in giving Apple's iTunes the right to sell individual songs for 99 cents each, undermined their own business model—selling bundles of songs gathered together into something called an "album" for up to $20 a pop—because they didn't see that people were about to consume music in an entirely new way. The labels saw iTunes as free money; "ancillary," in the legal vernacular. Jobs took their cheap music and used it as a loss leader to sell his expensive iPods, and the traditional music business now lies in tatters.

Since I work in the traditional TV business, I'd been resolutely not seeing how the exact same thing is happening to video. Certainly, I'd been following the rise of Web-based video services like YouTube, Joost, and Hulu (the latter two being, to different degrees, Big Media-funded attempts to create satisfying experiences roughly analogous to watching TV, except on the Web). More recently, Miro, a nonprofit, launched a high-definition Web channel. And iTunes went video as well, offering a mix of professionally produced video and video podcasts from amateurs and quasi-amateurs. Like the record labels before them, TV networks and studios licensed some of their content to Apple, allowing iTunes to sell shows and movies with the same one-price strategy it had applied to music
SAIL CUNARD'S NEWEST QUEEN.

Our newest royal has arrived. QUEEN VICTORIA shares the same grand heritage of the classic ocean liners that sailed before her. With soaring triple height spaces and distinctively modern touches, she is the embodiment of contemporary sophistication and refinement.

From the sparkling Mediterranean to the pristine waters in Northern Europe, her 2008 voyages will immerse you in the best of European cultures and destinations. Visit Rome and Athens. Overnight in Barcelona, Venice and Istanbul. Surely, the ideal way to explore this region is in the company of a Queen.

Ship's registry: Great Britain. ©2008 Cunard

Call 1-800-7-CUNARD or visit cunard.com

Who gets paid by whom to deliver what to whom is, as in every moment of grand tectonic digital shift, the $60 billion question.

Among many other matters, the writers' strike (still ongoing at press time, possibly to be followed by an actors' strike this summer) is a final, great battle royal over content profits at what might be the last moment when such profits are worth fighting over—like steel workers' strikes in the '80s.

The story of digital video is not necessarily going to be the same as that of digital music, though the parallels between Napster and YouTube are fairly uncanny. It's not self-evident that watching long-running movies or TV shows on very small devices will become a mass behavior. According to a recent study, the majority of Internet users watch roughly 3 hours of video on the Web each month, compared to the average person's 4.5 hours of TV each day. For all the hype surrounding Web video, it was not surprising that NBC, responsible for 40 percent of iTunes's video sales, had earned only $15 million last year on those sales, a point NBC Universal's chief, Jeff Zucker, took up too much space in your living room. Then, that content will be edited, poked at, commented on, parodied, and rebroadcast by you the former viewer—now "user"—to whomever you choose. Who gets paid by whom to deliver what to whom in this new dispensation is, as in every moment of grand tectonic digital shift, the $60 billion question.

And it's far from obvious that the people being paid now will be the people being paid a few years from now. The post–World War II model of expensive video driving a massively profitable content-production industry (that now-legendary $10 million pilot for Lost, those $200 million movies) is in some peril—much as, for the first time, it is conceivable that one or more of the major record labels could go out of business entirely.

($1.99 for TV shows; $9.99 for movies). The video iPod, competing with video-enabled cell phones and other viewing devices, allowed visual content to go mobile as well, augmenting a period of video everywhere, immediately, all the time. All of this seemed like peripheral noise, digital noodling, because it was obvious: people love TV. They'll never stop watching TV. YouTube is popular, but doesn't count because it's not really TV: it's short-form crap. Produced TV is shinier, more pleasingly narrative. These are eternal values.

A recent visit to Houston, though, convinced me that I just hadn't been getting it. My friend Mike and his wife had done away with their TV entirely and instead had set up their 20-inch iMac widescreen as the focal point of a kind of jerry-rigged home theater; with no grievous loss in quality, they were feeding it with content from iTunes, various other Web-based media services, and DVDs. In doing so, they had dispensed with those hefty cable bills and had asserted an iconoclastic form of control over their media lives. It turns out, anecdotally at least, that lots of other people are doing the same. And that was my Homer Simpson "D'oh!" moment. Video without a TV console was not only possible, it was likely.

The traditional TV-viewing experience doesn't have to die (for reasons I'll get into later), but to save it, the media-industrial complex will have to act in non-traditional and uncomfortable ways—and will also have to rethink what "TV" is. Currently, it means watching a professionally produced video program—passively—on a television console that is fed with content delivered as part of a subscription to a cable or digital service. In the future, TV will mean a cacophony of professional and amateur short- and long-form content shipped via a variety of platforms to a variety of devices, only one of which is the Sony BRAVIA taking up too much space in your living room. Then, that content will be edited, poked at, commented on, parodied, and rebroadcast by you the former viewer—now "user"—to whomever you choose. Who gets paid by whom to deliver what to whom in this new dispensation is, as in every moment of grand tectonic digital shift, the $60 billion question.
The traditional-TV model is altogether more user-friendly. It's free, or at least the costs are buried in cable bills (where, my Houston friends notwithstanding, years of learned behavior dictate that this is simply a cost to be borne), or they are buried in the more recent “triple play” offerings from Comcast and other companies that bundle cable with phone and high-speed Internet, obscuring the costs even more.

Watching video on the Web, contrary to the trend, remains more of an analog experience than watching it on TV. On TV, you can click through hundreds of offerings instantly, or choose from dozens more you’ve recorded on your digital video recorder, and there’s a handy electronic program guide to tell you what’s on and when. On most Web video sites, however, clicking from show to show involves launching and relaunching players and then sitting through seemingly interminable “pre-roll” ads (and it’s almost always the same ad). The quality remains subpar, with poor definition, small player windows, and unsynced audio and video. The selection is spotty, and there is no central guide to what is available where and when. It’s easy to say these problems
Minted over 220 years ago, the most trusted coins in America were Spanish Portrait Silver Dollars. Known as “Pieces of Eight” for their 8 Reales denomination, they were America’s first silver dollars. Hefty coins like these jingled in the pockets of American patriots such as George Washington, Ben Franklin and Thomas Jefferson. These coins circulated in the U.S. up until the Civil War. However, scant few are left to remind us of our nation’s early history. Now, thanks to a mysterious shipwreck and a special purchase, you can own this colonial American antiquity.

What’s remarkable is not only whose hands may have touched coins like these, but that they even exist today! Their exact pedigree is still shrouded in mystery. What we do know is the ship they were recovered from went down some time after 1783. Though these silver coins show the distinctive evidence of undersea corrosion, they are in incredibly good condition considering all they have been through over two centuries! At $99 (plus S&H), don’t let this chance sail away!

800-642-9160 ext. 5722

will be solved, but there’s always the suspicion that the experience is intentionally being made unsatisfying so that people don’t leave their TV sets too quickly. As Mark Cuban, the not-as-boorish-as-he-appears Internet entrepreneur-cum-Dallas Mavericks owner-cum-reality-TV star, has pointed out, the curve on Web innovation has stalled, even as bandwidth has begun to top out. In other words, only so much data can be thrust through the Internet’s distributed nodes, and this structural limitation makes it unlikely that a satisfying, seamless Web-video experience will be on offer anytime soon. For these reasons, with great counterintuitive brio, Cuban last year pronounced the Web “dead and boring.”

This is where the problem and opportunity lie for traditional TV. The flip side of the music business’s obstinacy is a kind of we-need-to-be-down-with-the-kids type of herd mentality. It dictates that unless you throw everything online, you don’t “get it.” But “getting it” does not necessarily mean giving in to the braying of the digerati, especially when you will destroy your business in the process. In the past couple of years, the TV networks have thrown their shows onto the Web willy-nilly, some on their own sites, some via AOL, Yahoo, and so forth, and some on new ventures like the aforementioned Hulu. The logic is that if they don’t, someone else will; indeed, a dedicated surfer can find most any show through sub-rosa peer-to-peer file-sharing systems that are used by an astonishing proportion of Web surfers, perhaps as much as 70 percent of the total. In the age of distributed media, you give the people what they want when they want it, where they want it. “If they want their show to succeed, they’ve got to get it out in front of as many people as possible,” an analyst for the technology research firm Forrester said of the Big Four broadcast networks, articulating the moment’s conventional wisdom and following it with a typical note of alarm: “The window is very short.”

But as the music industry learned very quickly (and the newspaper industry before it), this model swiftly turns you
from a business to a charity, undermining the value of your product even as it brings your content to a larger audience. This is because advertisers and broadcasters have yet to settle on a protocol to offer endless choice (huge stockpiles of movies, entire seasons of TV shows), user editing and sharing capabilities (e.g., sending that Gossip Girl clip you just watched to your friend in Cleveland), playback, storage, and WiFi, whatever. And because the data all flow through the same pipes already, but without the destabilizing influence of the Internet, TV can offer brilliant resolution, even on a flat-screen 60-inch set.

A recent article in the trade publication Multichannel News warned that technical obstacles still prevent realizing this kind of vision, but serious technical problems bedevil Web video, too: as Cuban has been loudly blogging (the emperor has no clothes!), it's just not satisfying. This means TV has a buffer of a few years to figure out the bandwidth issues, the technical bugsaboos, and the business model. But I would sit through ads, and maybe even pay more for cable, if I knew that I had some approximation of a Borgesian library of video content available to me at home—content that I could talk back to, manipulate, and share.

And here's the final twist. As TV and the Internet converge into something generically known as broadband, the distinctions between the two will soon become nugatory from a consumer point of view. But will this resulting hybrid be more like TV, plus interactivity; or more like the Internet, plus TV? The distinction will be worth billions to whoever gets there first and organizes this mess in a fashion that's satisfying for consumers. The networks and cable companies, therefore, will need to move quickly to find a way to package the different streams—professional and user-made, broadcast and Internet—into a huge, interactive library, all easily and pleasingly accessible on demand and portable to whatever device people are overpaying for at that moment.

When they do, they can call it Web 3.0, and everyone will want to get it.

Michael Hirschorn is an Atlantic contributing editor.